

IRS News Release

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Procedure Unveiled for Reporting Violations of the Tax Law, Making Reward Claims

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WASHINGTON — The Internal Revenue Service today outlined ways informants can report violations of the tax law and possibly claim a reward based on the amount of additional tax, penalties and interest that is owed.

“Since Congress enacted new procedures increasing award amounts last year, informants have come forward with information on alleged tax noncompliance amounting to tens of millions of dollars, and in some cases hundreds of millions of dollars,” said Stephen Whitlock, Director of the Whistleblower Office.

Since the Whistleblower Office was created in December 2006, the IRS has received about 80 claims, half of those submitted in just the last two and a half months. To make a claim, an informant must file new Form 211, Application for Award for Original Information, which asks informants to provide an estimate of the tax owed, the pertinent facts in the case and an explanation of how the informant obtained the information.

The IRS’ Whistleblower Office will make the final determination about whether an award will be paid and the amount of the award for claims that it processes. Awards will be paid in proportion to the value of information furnished voluntarily with respect to proceeds collected.

Under the new procedures, the amount of award will be at least 15%, but no more than 30%, of the collected proceeds in cases in which the IRS determines that the information submitted by the informant substantially contributed to the collection of tax. The award percentage may be reduced in some circumstances, which are described in IRS guidance.

To be eligible for an award under the new procedures, the tax, penalties, interest, additions to tax, and additional amounts in dispute must exceed \$2 million for any taxable year and, if the taxpayer is an individual, the individual’s gross income must exceed \$200,000 for any taxable year in question.

All awards will be subject to normal tax reporting and withholding requirements.